JOINT RETIREMENT AND SAVINGS PLAN COMMITTEE
INVESTMENT POLICY FOR DEFINED BENEFIT RETIREMENT PLAN

This Investment Policy for the Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee sets forth a general framework within which Investment Managers will manage assets for the Company's defined benefit plan (the "Plan"). A copy of this Policy shall be provided to each person responsible for managing assets of the Plans. The Committee or its delegate shall enter into an investment advisor agreement with each Investment Manager for the Plans. The investment advisor agreements shall list the specific authorizations, restrictions and requirements that govern each Investment Manager.

I. Investment Objectives and Philosophy

The Committee recognizes that the Defined Benefit Plans serve two purposes – to pay benefits to retirees and to provide for future benefits to the active population. Accordingly, the Committee has determined that appropriate investment objectives for these plans are:

1. The growth and preservation of capital through an emphasis on high quality marketable securities and the maintenance of prudent risk parameters, including diversification of investment approaches, Investment Managers, asset classes and individual security holdings.

2. The production of income sufficient to meet all obligations as they come due.

II. Investment Management Approaches

A. The Committee shall allocate assets among Investment Managers in a manner which maintains a diversified portfolio reflective of different investment management approaches. Integration of such approaches shall be in conformity with broader diversification and policy objectives. Investment management approaches shall include, but not be limited to:

   1. Growth, diversified, and value-based equity selection across all market capitalization; and

   2. Fixed-income duration, sector, and credit composition.

B. The Committee may also allocate assets to Investment Managers utilizing passive investment strategies for both equities and fixed income investments. Selection of specific passive benchmarks shall be in keeping with strategic policy objectives.

III. Asset Allocation Policy

A. Qualifying broad asset classes include those listed below. The Committee shall at all times reserve the right to add, delete, or otherwise modify the list of allowable investments.

Equities and Convertibles

Domestic and International Equity
Domestic Private Equity
Convertible Debt and Preferred Securities

<u>Fixed Income and Other</u>

Domestic and International Fixed Income
Domestic Private Fixed Income
Real Estate (Direct and Indirect), including Publicly-Traded Real Estate Investment Trusts
Gold Bullion, Oil, Gas, and Other Commodities

<u>Cash and Cash Equivalents</u>

A. The Committee will adjust allocation of assets among the classes of assets held to reflect relevant factors, including funding status and assumptions, expected returns and market valuations.

IV. <u>Restrictions</u>

A. Unless authorized by the Committee in advance and set forth in the Investment Manager's investment advisor agreement, there will be no investment, direct or indirect in:

1. commodities or commodity futures;

2. real estate, except real estate investment trusts listed on the New York Stock Exchange;

3. pooled or commingled investments, except those of banks, trust companies, or insurance companies;

4. letter or restricted stock; or

5. futures, options, forwards, or other derivatives, unless specifically approved by the Committee.

B. Investments in derivatives that are approved by the Committee shall be subject to the following:

1. Authority to utilize derivative instruments shall be limited solely to investment advisors who have demonstrated experience with such instruments and where the investment advisor agreement places the fiduciary responsibility for using such instruments on the advisor.

2. Policies and guidelines with respect to the use of derivatives by an investment advisor are to be clearly delineated in the advisor's investment advisor agreement. Derivatives will be used primarily to maintain a desired asset allocation or to hedge risks. They will not be used for short-term market timing or to increase the risks of a portfolio relative to that which would normally exist in the absence of derivatives. Each agreement must list the specific derivative instrument(s) authorized. Only instruments that are highly liquid should be used.

3. The Committee will monitor the activity of investment advisors to ensure compliance with policies and guidelines outlined in the investment advisor agreements. Such monitoring activity will include the review of the costs and benefits of using derivative instruments.

4. Derivatives use in commingled funds, common trust funds, or mutual funds shall be as provided for in the Declaration of Trust of Charter of such funds.

C. Unless approved by the Committee in advance, thee will be no transactions of the following kind:

1. Purchase or carrying securities on margin.

2. Short sales.

3. Securities lending, the borrowing of money or the encumbrance of any asset.

D. With the exception of U. S. Treasury or U.S. Agency securities, and interests in any collective or commingled fund, the total securities of a single issue shall at the time of latest acquisition represent no more than 6% of book value of a portfolio.

V. <u>Other Policies</u>

The Committee shall amend these policies and adopt such additional policies as it deems necessary from time to time for the prudent management of the defined benefit plans. Amendments to these policies and additional policies shall be adopted by majority vote of the Committee and shall be reflected in the Committee's minutes or in a separate written instrument.